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EXAMINER
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OJIAKU, CHIKAODINAKA

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* PAT CARROLL, JOHN PETERSEN, and JONATHAN ALFORD

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Appeal 2015-003030  
Application 13/138,286  
Technology Center 3600

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Before ANTON W. FETTING, JAMES A. WORTH, and  
ROBERT J. SILVERMAN, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE<sup>1</sup>

Pat Carroll, John Petersen, and Jonathan Alford (Appellants) seek review under 35 U.S.C. § 134 of a final rejection of claims 1–9, 14, 17–22, 25, 27, and 36–43, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

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<sup>1</sup> Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed September 22, 2014) and Reply Brief ("Reply Br.," filed December 30, 2014), and the Examiner's Answer ("Ans.," mailed October 30, 2014), and Final Action ("Final Act.," mailed April 23, 2014).

The Appellants invented a way of determining the validity of a requested transaction and preventing card presentment false-positives. Specification 1:4–7.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

1. A method for authenticating a transaction comprising the steps of:

[1] receiving a transaction request;

[2] processing the transaction request

to determine if the transaction request can be approved without further processing;

and

[3] allowing the transaction

if a determination is made that the transaction request can be approved without further processing;

[4] wherein if a determination is made that the transaction request cannot be approved without further processing, the method further comprises:

[5] receiving, by a computer or a server,

data identifying a region where the transaction is being requested;

[6] determining,

with the computer or the server and from Location Register (LR) data obtained from a mobile network provider for a mobile communication device associated with a person requesting the transaction,

data identifying a region where the mobile communication device is located;

[7] comparing,

with the computer or the server,

the data identifying the region where the transaction is being requested

with

the data identifying the region where the mobile communication device is located;

and

[8] if the compared region data match,

allowing the transaction,

or,

[9] if the compared region data do not match,

not allowing the transaction without further verification of authenticity;

[10] wherein

the data identifying the region where the mobile communication device is located comprises

Mobile Country Code data

or

data identifying a state or a city

and

the data identifying the region where the transaction is being requested comprises

transaction country data

or

data identifying a state or a city.

The Examiner relies upon the following prior art:

Benco	US 2007/0108269 A1	May 17, 2007
Dankar	US 2008/0227471 A1	Sept. 18, 2008
Ashfield	US 2010/0022254 A1	Jan. 28, 2010

Claims 1 and 38 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1, 38, and 40 stand rejected under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure.

Claims 1, 38, and 40 stand rejected under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention.

Claims 1–9, 14, 17–22, 25, 27, 36–37, 40, 41, and 43 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Ashfield, Benco, and Dankar.

Claims 38, 39, and 42 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Dankar and Ashfield.

Claims 1–9, 14, 17–22, 25, 27, and 36–43 stand provisionally rejected under the judicially created doctrine of obviousness type double patenting as claiming the patentably indistinguishable subject matter as another U.S. Patent.

## ISSUES

The issues of statutory subject matter turn primarily on whether the claims are drawn to more than conceptual advice. The issues of written description turn primarily on whether the Specification supports the step sequence in the claims. The issues of indefiniteness turn primarily on whether breadth is indefiniteness. The issues of obviousness turn primarily on whether the recited step sequence in the claims is the same as described by Ashfield.

## FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

### *Facts Related to Appellants' Disclosure*

01. Once the bank or financial service provider 107 has received the transaction request, it may optionally perform additional processing to determine (using software risk engines or in-house logic) whether the transaction is likely to be fraudulent, for example if the transaction is for a large amount. However, if the financial service provider 107 determines that the transaction is likely to be genuine, then it can proceed directly to the authorisation process, at step 217, allowing the transaction at step 219. If the financial service provider determines that the transaction is likely to be fraudulent, then it passes the request to the server, 101. The server 101 then extracts country code

information contained within the transaction information, at step 207. Spec. 5:10–29.

*Facts Related to the Prior Art*

*Ashfield*

02. Ashfield is directed to location-based authentication of an electronic transaction. Ashfield para. 4.
03. Ashfield determines device location prior to an initial decision. Ashfield Fig. 3 refs. 304 and 307 and Fig. 4 refs. 404 and 407.

*Benco*

04. Benco is directed to an integrated approach to the processing of retail purchases in conjunction with wireless mobile devices. Benco paras. 3–4.

*Dankar*

05. Dankar is directed to comparing a wireless device's location obtained from a wireless network with the wireless device user's location. Dankar para. 17.

ANALYSIS

*Claims 1 and 38 rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter*

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that

claim patent-eligible applications of those concepts. First, [] determine whether the claims at issue are directed to one of those patent-ineligible concepts. [] If so, we then ask, “[w]hat else is there in the claims before us?” [] To answer that question, [] consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. [The Court] described step two of this analysis as a search for an “inventive concept”—i.e., an element or combination of elements that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.”

*Alice Corp., Pty. Ltd. v. CLS Bank Intl*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept.

While the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case’s claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The Examiner finds claim 1 is directed to location based authentication of a transaction request. The preamble to claim 1 recites that it is a method for authenticating a transaction. The steps in claim 1 result in going forward or not going forward with a transaction. The Specification at 1:4 recites that the invention relates to determining the validity of a requested transaction. Thus, all this evidence shows that claim 1 is directed to validating a transaction, i.e. evaluating whether to enter a transaction.



It follows from prior Supreme Court cases, and *Bilski* in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of evaluating whether to enter a transaction is a fundamental business practice long prevalent in our system of commerce. The use of evaluating whether to enter a transaction is also a building block of all market economies. Thus, evaluating whether to enter a transaction, like hedging, is an “abstract idea” beyond the scope of § 101. *See Alice Corp. Pty. Ltd.* at 2356.

As in *Alice Corp. Pty. Ltd.*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of evaluating whether to enter a transaction at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.* at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d at 611; *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data collection, analysis, and control and does not

recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they “focused on a specific asserted improvement in computer animation”). As such, claim 1 is directed to the abstract idea of receiving, analyzing, and controlling the further processing of data.

The introduction of a computer into the claims does not alter the analysis at Mayo step two.

[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implemen[t]” an abstract idea “on . . . a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

*Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2358 (citations omitted).

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer.” *Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to receive and process data, and select whether to execute code based on criteria amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellants' method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants' method claims simply recite the concept of evaluating whether to enter a transaction as performed by a generic computer. To be sure, the claims recite doing so by advising one to examine a transaction, and if criteria are unmet at that point, eliciting further information and checking that information against further criteria, and allowing or disallowing the transaction based on the result. But this is no more than abstract conceptual advice on the parameters for such evaluating whether to enter a transaction and the generic computer processes necessary to process those parameters, and do not recite any particular implementation.

The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. Nor do they effect an improvement in any other technology or technical field. The 13 pages of specification

spell out different generic equipment and potential parameters using this concept and the particular steps such conventional processing would entail based on the concept of allowing or disallowing a transaction based on multiple layers of criteria. They do not describe any particular improvement in the manner a computer functions. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea of evaluating whether to enter a transaction using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.* at 2360.

We are not persuaded by Appellants' argument that there are unconventional steps that confine the claim to a particular useful application and is not merely a drafting effort designed to monopolize an abstract idea. Reply Br. 2–3. Appellants contend that because the claim recites specific steps with some purpose, the claim is directed to more than an abstract idea. But conceptual advice, no matter how detailed, is an abstract idea, because it would allow the Appellants to pre-empt the use of this approach in all fields, and would effectively grant a monopoly over an abstract idea. *Bilski v. Kappos*, 561 U.S. 593, 611–12 (2010). That the claims do not preempt all forms of the abstraction or may be limited to the abstract idea in the e-commerce setting do not make them any less abstract. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015).

*Claims 1, 38, and 40 rejected under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure*

We are persuaded by Appellants' argument that Specification 5 supports the timing of the region matching as occurring after steps 3 and 4. App. Br. 7–10. *See also* FF 01. The Examiner invites us to treat the Specification under broadest reasonable interpretation. Final Act. 11. We decline the invitation, as broadest reasonable interpretation is a tool in claim construction and not Specification interpretation.

This result is determinative of the obviousness rejection *infra*.

*Claims 1, 38, and 40 rejected under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention*

We are persuaded by Appellants' argument that breadth of a claim is not to be equated with indefiniteness. App. Br. 11.

*Claims 1–9, 14, 17–22, 25, 27, 36–37, 40, 41, and 43 rejected under 35 U.S.C. § 103(a) as unpatentable over Ashfield, Benco, and Dankar*

We are persuaded by Appellants' argument that Ashfield reverses the decision and location determination steps from the recited sequence. App. Br. 20. *See* FF 03. The issue of whether Ashfield is prior art is therefore moot.

*Claims 38, 39, and 42 rejected under 35 U.S.C. § 103(a) as unpatentable over Dankar and Ashfield*

These are dependent claims.

*Claims 1–9, 14, 17–22, 25, 27, and 36–43 provisionally rejected under the judicially created doctrine of obviousness type double patenting as claiming the patentably indistinguishable subject matter as another U.S. Patent*

Appellants do not contest this provisional rejection.

#### CONCLUSIONS OF LAW

The rejection of claims 1 and 38 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

The rejection of claims 1, 38, and 40 under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure is improper.

The rejection of claims 1, 38, and 40 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention is improper.

The rejection of claims 1–9, 14, 17–22, 25, 27, 36–37, 40, 41, and 43 under 35 U.S.C. § 103(a) as unpatentable over Ashfield, Benco, and Dankar is improper.

The rejection of claims 38, 39, and 42 under 35 U.S.C. § 103(a) as unpatentable over Dankar and Ashfield is improper.

The provisional rejection of claims 1–9, 14, 17–22, 25, 27, and 36–43 under the judicially created doctrine of obviousness type double patenting as claiming the patentably indistinguishable subject matter as another U.S. Patent is uncontested.

#### DECISION

The rejection of claims 1 and 38 is affirmed.

The rejection of claims 2–9, 14, 17–22, 25, 27, 36, 37, and 39–43 is reversed.

The provisional rejection of claims 1–9, 14, 17–22, 25, 27, and 36–43 is uncontested.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED–IN–PART